GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:965
ANSWERED ON:27.07.2001
RECOVERY OF LOANS
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Will the Minister of FINANCE be pleased to state:

(a) whether he has asked the banks to evolve their own systems for recovering bad debt because the RBI scheme for a one-time settlement of non-performing assets (NPAs) had failed and wants major wilful defaulters of bank loans to be sent to jail;

(b) if so, the details of the policy formulated by the banks to recover bad debts;

(c) the NPA position of the public sector, private sector and cooperative banks as on date; and

(d) the quantum of loan recovered during the last three years ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a)&(b): Reserve Bank of India (RBI) vide its circular dated27th July, 2000 had issued non-discretionary and non-discriminatory guidelines for settlement of non-performing assets (NPAs) upto Rs.5 crore and advised banks to evolve their own policy for loan outstandings of above Rs.5 crore. This scheme was initially up to 31st March, 2001 and was subsequently extended up to 30th June, 2001. The recovery in terms of these guidelines as on 31st May, 2001, was Rs.1914 crores in respect of 5,27,119 accounts. Government of India and RBI have advised the banks to take several steps for recovery of their dues including evolving and implementation of recovery policy since RBI scheme has came to an end.The banks have also been advised to take deterrent action, including legal action, against the defaulting borrowers.

(c): The gross NPAs of public sector banks as on 31st March, 2001 stood at Rs.54773.15 crores.The gross NPAs of private sector banks as on 31st March, 2001 was Rs.6490.38 crores. As regards NPAs of co-operative banks, according to the available information, the gross NPAs of co-operative banks (primary co-operative banks, state co-operative banks, central co-operative banks, state co-operative agriculture & rural development banks and primary co-operative agriculture & rural development banks) was Rs.16616.60 crores as on 31st March, 1999.

(d): According to the information furnished by RBI, the reduction of NPAs of public sector banks through upgradation, compromise/negotiated settlement and recovery, during the last three years, is as under:

1998-1999	Rs.8721 crores
1999-2000	Rs.12220 crores
2000-2001	Rs.13905.4 crores